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U.S. to Open Office on Aid To Contras

Agency Will Handle Humanitarian Funds

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The White House is expected to announce today establishment of a special new office in the State Department to administer and disburse the \$27 million in nonmilitary humanitarian aid approved by Congress for the counterrevolutionaries, or contras, fighting the government of Nicaragua.

Administration and congressional sources said the new office will be separate from the department's Bureau of Inter-American Affairs but will work closely with it in distributing the aid. Congress has ordered the money be spent only for food, clothing and other humanitarian purposes.

President Reagan, who originally pushed for military aid, said recently that humanitarian assistance is vital to maintaining the contras' ability to pressure Nicaragua to halt its alleged support of leftist guerrillas in neighboring El Salvador.

The sources said the director of the new office will be chosen by Reagan within the next few days from a list of four or five State Department officials. They identified two of those under consideration as Otto J. Reich, head of the department's Office on Public Diplomacy for Latin America and the Caribbean, and C. William Kontos, a former director of the Sinai Support Force who is now a member of the department's policy planning staff.

Reich, who has spent two years directing efforts to win public backing for the administration's Central American policies, served in the Agency for International Development (AID) as assistant administrator for Latin America. Kontos also gained considerable administrative experience when he oversaw U.S. personnel monitoring the disengagement of Israeli and Egyptian forces in the Sinai Peninsula.

Reagan scored a victory this summer when Congress, reversing earlier opposition in the Democratic-controlled House, approved the \$27 million contra aid package on condition that it not be used for military purposes. Congress also specified that the White House had to funnel the aid through agencies other than the Central Intelligence Agency and the Defense Department.

The administration then had to decide whether to create an agency to distribute the funds or work through established channels such as AID, the State Department or the National Security Council.

Sources said that after extensive consultation with members of Congress sympathetic to Reagan's Central American policy, the White House decided to place responsibility for running the program in the State Department where the new office can coordinate its activities with the Latin American specialists working under Elliott Abrams, assistant secretary for inter-American affairs.

The administration has been informing key congressional offices about its decision. Sources familiar with the briefings this week said the administration had stressed its intention to adhere to a strict definition of the word "humanitarian." Some had feared the White House might stretch the definition to permit funding of the sabotage activities that took place when the CIA ran the contra aid program from 1981 to May 1983.

Some contra leaders have said they believe the language adopted by Congress would permit the funds to be used for helicopters and other equipment that could be diverted into the guerrillas' military struggle against the Sandinistas. That has led some congressional opponents of aid to the contras to call for a strict spelling out of precisely what type of aid will be covered by the new program.

"They have been insisting that there will be no new added definitions of what constitutes humanitarian aid," one congressional staff aide said yesterday. "They know that a lot of people in Congress voted for this program with misgivings and could again turn against aid to the contras if abuses occur . . ."

"They seem to want to play by the rules," another aide said. "The problem is that this is a new kind of game where nobody has a rule book. There almost certainly will be cases where arguments arise about whether it's legitimate humanitarian aid, and it's only then that we'll be able to tell whether they're trying to go beyond food and clothing to sneak in things like helicopters."

Still unclear is where and how the aid will be distributed. Honduras, whose territory is used by many contra forces as a base for forays into Nicaragua, said this week it would not permit aid to be distributed there, and State Department spokesman Charles E. Redman said yesterday that Honduras wishes would be respected.